

Education and Workforce Development Cabinet

Kentucky's jobless rate increases in November

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Editor's Note: Preliminary November and revised October labor market information are included in this release.

FRANKFORT, Ky. — Kentucky's seasonally adjusted preliminary unemployment rate for November 2008 rose to 7 percent from October 2008's revised 6.8 percent, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet. November 2007's jobless rate was 5.1 percent.

The U.S. seasonally adjusted jobless rate increased from 6.5 percent in October 2008 to 6.7 percent in November 2008, according to the U.S. Department of Labor.

Unemployment statistics are based on estimates and are compiled to measure trends rather than actually to count people working.

"In November 2008, Kentucky's economy continued to lose traction amid widespread employment losses. Consumers, faced with a challenging job market, soaring food prices and declining household wealth, tightened the reins on their wallets adversely affecting the trade, transportation and utilities; other services; and leisure and hospitality sectors. Weak demand for temporary help services engendered a steep decline in employment in the professional and business services sector," said Justine Detzel, OET chief labor market analyst.

Three of the 11 major nonfarm North American Industry Classification System (NAICS) job sectors reported employment increases in November 2008, while seven decreased and one remained the same, according to OET. A decline of 7,600 jobs in November 2008 brought Kentucky's nonfarm employment to a seasonally adjusted total of 1,857,400. Since November 2007, Kentucky's nonfarm employment has dropped by 20,500.

"November marks the largest year-over-year drop in the number of jobs in Kentucky since June 2002," said Detzel.

According to the seasonally adjusted employment data, the educational and health services sector grew by 800 jobs in November 2008. Since last November, the number of jobs in this sector has risen by 400 jobs.

This sector includes private and nonprofit establishments that provide either education and training or health care and social assistance to their clients.

The government sector, which includes public education, public administration agencies and state-owned hospitals, gained 500 positions in November 2008. The sector has added 10,000 jobs since November 2007.

The number of positions in the natural resources and mining sector rose by 400 in November 2008. The sector has added 1,300 jobs since November 2007 because of hiring in the coal mining industry.

The number of jobs in the financial activities sector stayed the same from October 2008 to November 2008. This segment, which includes businesses involved in finance, insurance, real estate and property leasing or rental, has lost 1,400 positions over the past 12 months.

The number of jobs in the professional and business services sector plummeted by 2,300 in November 2008. This area had 6,300 fewer employees in November 2008 than in November 2007. The professional and business services sector includes professional, scientific and technical services, management of companies and administrative and support management, including temporary help agencies.

“The lion’s share of these employment losses occurred in administrative and support management businesses, reflecting weakness in the employment services industry. Since the temporary help industry supplies labor to a wide variety of industries, it is a good barometer of what is occurring across the labor market. Demand for temporary help services often leads business cycles, because through such services, firms can adjust their workforces quickly to react to changes in demand that may only be short lived,” Detzel said.

Kentucky’s leisure and hospitality sector reported an employment loss of 2,100 jobs in November 2008. Since November 2007, employment in the sector has declined by 4,200 positions. The leisure and hospitality sector includes arts, entertainment and recreation, accommodations and food services and drinking places industries.

“Employment losses at accommodation and food services businesses outweighed a rise in the number of jobs in arts, entertainment and recreation enterprises. Multiple restaurant closings accounted for the decrease in the number of professionals employed in accommodation and food services companies,” Detzel said.

Kentucky’s trade, transportation and utilities sector dropped by 1,800 jobs in November 2008. This area includes retail and wholesale trade, transportation and warehousing businesses and utilities. It is the largest sector in Kentucky with 388,800 employees. Since November 2007, the number of jobs in this sector has jumped by 600.

The state’s other services sector, which includes such establishments as repair and maintenance businesses, personal and laundry services, religious organizations and civic and professional organizations, fell by 1,600 jobs in November 2008. This sector had 1,200 fewer jobs in November 2008 than in November 2007.

The manufacturing sector lost 1,100 jobs in November 2008. Compared to November 2007, jobs in the sector were down by 13,800 in November 2008.

“The durable goods subsector accounted for the majority of this year-over-year employment decrease. This reflects the malaise resulting from the automobile slump impacting Kentucky. Job losses signal layoffs at an automobile manufacturer, layoffs and closings at multiple automobile parts manufacturers and the closings of a truck trailer manufacturer, a plumbing manufacturer and an appliance motor manufacturer. Consumers, grappling with layoffs, tighter credit conditions and declining household wealth due to waning home prices and a plummeting stock market, are postponing purchases of long-lasting manufactured goods such as automobiles,” said Detzel.

“Furthermore, manufacturers of durable goods, such as furniture and appliance makers as well as lumber and other products utilized in residential construction, are negatively impacted by a decline in the housing market.”

The information sector dropped by 300 jobs in November 2008. This segment, which includes firms involved in publishing, Internet activities, data processing, broadcasting and news syndication, has lost 1,000 positions since November 2007.

The construction sector recorded 100 fewer positions in November 2008. Since November 2007, employment in the construction sector has decreased by 4,900 positions.

The U.S. Bureau of Labor Statistics’ monthly estimate of the number of employed Kentuckians for November 2008 was 1,894,074 on a seasonally adjusted basis. This figure is down 12,179 from the 1,906,253 employed in October 2008, and down 42,512 from the 1,936,586 employed in November 2007.

The monthly estimate of the number of unemployed Kentuckians for November 2008 was 142,467, up 3,606 from the 138,861 Kentuckians unemployed in October 2008, and up 39,020 from the 103,447 unemployed in November 2007.

The monthly estimate of the number of Kentuckians in the civilian labor force for November 2008 was 2,036,541. This figure is down 8,573 from the 2,045,114 recorded in October 2008, and down 3,492 from the 2,040,033 recorded for November 2007.

Civilian labor force statistics include non-military workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky’s statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about the Office of Employment and Training at www.workforce.ky.gov.

A complementary experimental hours and earnings series is available at <http://www.bls.gov/sae/saeapp.htm>.

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